



JOHN DEERE

Second Quarter 2008 Earnings Conference Call

14 May 2008

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The earnings call and accompanying material include forward-looking comments and information concerning the company's projections, plans and objectives for the future, including estimates and assumptions with respect to economic, political, technological, weather, market acceptance and other factors that impact our businesses and customers. They also may include financial measures that are not in conformance with GAAP (accounting principles generally accepted in the United States of America). Words such as "forecast," "projection," "outlook," "expected," "estimated," "will," "plan," "anticipate," "intend," "believe," or other similar words or phrases often identify forward-looking statements. Actual results may differ materially from those projected in these forward-looking statements based on a number of factors and uncertainties. Additional information concerning factors that could cause actual results to differ materially is contained in the company's most recent Form 8-K and periodic report filed with the Securities and Exchange Commission, and is incorporated by reference herein. Investors should refer to and consider the incorporated information on risks and uncertainties in addition to the information presented here. Investors should consider non-GAAP financial measures in addition to, and not as a substitute for, financial measures prepared in accordance with GAAP. The company, except as required by law, undertakes no obligation to update or revise its forward-looking statements whether as a result of new developments or otherwise. The call and accompanying materials are not an offer to sell or a solicitation of offers to buy any of the company's securities.



Global Growth Commitments

Second Quarter

- \$90 million investment in Waterloo, Iowa facility
 - Expands large-tractor capacity by ~ 25%
- \$80 million investment in Kaluga, Russia operations center
 - Replacement parts distribution
 - Training for customers and dealer personnel
 - Product demonstration
 - Whole goods distribution
- Construction equipment joint venture in China
 - Partner: Xuzhou Xuwa Excavator Machinery Co., Ltd. (XCG)

Second Quarter Overview

<i>(in millions of dollars except per share amounts)</i>	Q2 2008	Q2 2007	Change
Net Sales and Revenues	\$8,097	\$6,882	+18%
Net Sales	\$7,469	\$6,266	+19%
Net Income	\$763	\$624	+22%
Diluted EPS	\$1.74	\$1.36	+28%

Second Quarter Overview

Net Sales

- Equipment operations net sales: up ~ 19% in the second quarter vs. Q2 2007
 - Currency translation: ~ 6 points
 - LESCO: ~ 3 points
 - Price realization: ~ 2 points

Production Tonnage*

% Change	Q2 2008 Actual	Q2 2008 Previous Forecast	Q3 2008 Forecast	FY 2008 Forecast	FY 2008 Previous Forecast
Total Worldwide	+17	+19	+14	+17	+15
Worldwide AG	+30			+28	+23
Worldwide C&F	(8)			(4)	Flat
Worldwide C&CE	(1)			(6)	+1
Total U.S. and Canada	+11			+12	+13
Outside U.S. and Canada	+32			+26	+19
U.S. and Canada AG	+25	+26	+21		

*Percentage change from same period in previous year, excluding purchased product.

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)

2008 Company Outlook

- **Third Quarter 2008 Forecast**
 - Net sales up ~ 20% vs. 3Q 2007
 - Currency translation: ~ 4 points
 - Net income of \$550 - \$575 million

- **Fiscal Year 2008 Forecast**
 - Net sales up ~ 20% from FY 2007
 - Currency translation: ~ 5 points
 - Price realization: ~ 2 points
 - LESCO: ~ 1 point
 - Previous net sales forecast up ~ 17%
 - Net income of ~ \$2.2 billion
 - No change from previous forecast

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)

Worldwide Agricultural Equipment Second Quarter Overview

<i>(in millions of dollars)</i>	Q2 2008	Q2 2007	Change
Net Sales	\$4,700	\$3,498	+34%
Operating Profit*	\$782	\$487	+61%
Production Tonnage			+30%

*Operating profit impacted by:

- Higher sales and production volumes
 - Improved price realization
 - Higher SA&G
 - Higher raw material costs
- Incremental margin: ~ 25%

Chicago Board of Trade Futures Prices

<i>(per bushel)</i>	2008	2009
Corn ⁽¹⁾	\$6.50	\$6.02
Wheat ⁽¹⁾	\$8.39	\$8.70
Soybeans ⁽²⁾	\$13.04	\$12.75

Source: Chicago Board of Trade – 9 May 2008

⁽¹⁾ December contracts; ⁽²⁾ November contracts

U.S. Commodity Price Estimates

	2006/07	2007/08 Forecast	Previous 2007/08	2008/09 Forecast	Previous 2008/09
Corn (per bushel)	\$3.04	\$4.35	\$4.10	\$5.00	\$4.15
Wheat (per bushel)	\$4.26	\$7.70	\$7.30	\$5.80	\$5.45
Soybeans (per bushel)	\$6.43	\$10.25	\$10.65	\$10.00	\$12.40
Cotton (per pound)	\$.47	\$.55	\$.55	\$.60	\$.62

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)

U.S. Farm Cash Receipts

<i>(in billions of dollars)</i>	2006	2007 Estimate	2008 Forecast	Previous 2008	2009 Forecast	Previous 2009
Crops	120.0	144.0	179.4	164.6	182.9	167.4
Livestock	119.3	141.4	136.9	136.3	135.7	132.1
Government Payments	15.8	12.1	13.3	12.7	10.3	10.6
Total Cash Receipts	255.1	297.5	329.6	313.6	328.9	310.1

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)

Agricultural Equipment Retail Sales Industry Outlook

- U.S. and Canada: Up ~ 20%
 - Previous forecast up 15% - 20%
- South America: Up ~ 30%
 - Brazil – uncertainties over the status of government-backed financing programs
 - Argentina – uncertainties over the impact of export taxes
 - Previous forecast up 15% or more

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)

Farm Net Income

Brazil and Argentina

	Brazil			Argentina		
	2006	2007	2008 Forecast	2006	2007	2008 Forecast
<i>(in billions of U.S. dollars)</i>						
Soybeans	(2.0)	3.9	7.7	3.3	3.0	2.5
Cotton	(0.2)	0.4	0.4			
Sugar Cane	3.3	2.3	0.6			
Corn	(1.1)	2.5	5.0	0.2	0.8	0.9
Rice	(0.5)	(0.1)	0.2			
Wheat				0.7	0.8	0.8
Sunflower				0.7	0.5	1.3
Current	(0.5)	9.0	13.9	4.9	5.1	5.5
Previous			12.0			8.1

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)

European (EU-27) Agricultural Update

- 2007: Income up 3.1%
 - Especially income in Central Europe improved
 - Arable and milk business improved significantly
- 2008: Overall positive outlook
 - EU suspended set-aside regulation
 - Arable commodity prices remain high
 - Increase in input costs favor technically efficient solutions
- Medium-term prospects
 - Improvements for pork sector expected
 - Agricultural income to increase in new member states, stable in Western Europe

Deere & Company Forecast as of 14 May 2008

Agricultural Equipment Retail Sales Industry Outlook

- Western Europe
 - Up 3% - 5%
 - No change from previous forecast
- Central Europe and the Commonwealth of Independent States countries, including Russia
 - Much higher than last year
- Australia
 - Recovering from drought
- Asia
 - Higher than last year

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)

Worldwide Agricultural Equipment Deere & Company Outlook

- Fiscal Year 2008 Forecast
 - Net sales projected to be up ~ 35%
 - Currency translation ~ 7 points
 - Previous net sales forecast up ~ 28%
 - Currency translation ~ 4 points

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)

Worldwide Commercial & Consumer Equipment Second Quarter Overview

<i>(in millions of dollars)</i>	Q2 2008	Q2 2007	Change
Net Sales	\$1,424	\$1,318	+8%
Operating Profit*	\$154	\$150	+3%
Production Tonnage			(1)%

*Operating profit impacted by:

- More favorable product mix
- Improved price realization
- Higher sales volumes
- Higher SA&G from LESCO
- Incremental margin: ~ 4%

Worldwide Commercial & Consumer Equipment Deere & Company Outlook

- Fiscal Year 2008 Forecast
 - Net sales projected to be up ~ 4%
 - U.S. factors
 - Housing slowdown
 - Weakening economy
 - Late spring
 - New products
 - Across many product areas
 - LESCO
 - Incremental net sales increase of ~ \$275 million
 - Previous forecast of ~ \$315 million
 - Previous net sales forecast up ~ 8%

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)

Worldwide Construction & Forestry Second Quarter Overview

<i>(in millions of dollars)</i>	Q2 2008	Q2 2007	Change
Net Sales	\$1,345	\$1,450	(7)%
Operating Profit*	\$166	\$192	(14)%
Production Tonnage			(8)%

*Operating Profit impacted by:

- Lower shipment volumes
- Improved price realization
- Incremental margin: ~ 25% on declining volume

Worldwide Construction & Forestry Deere & Company Outlook

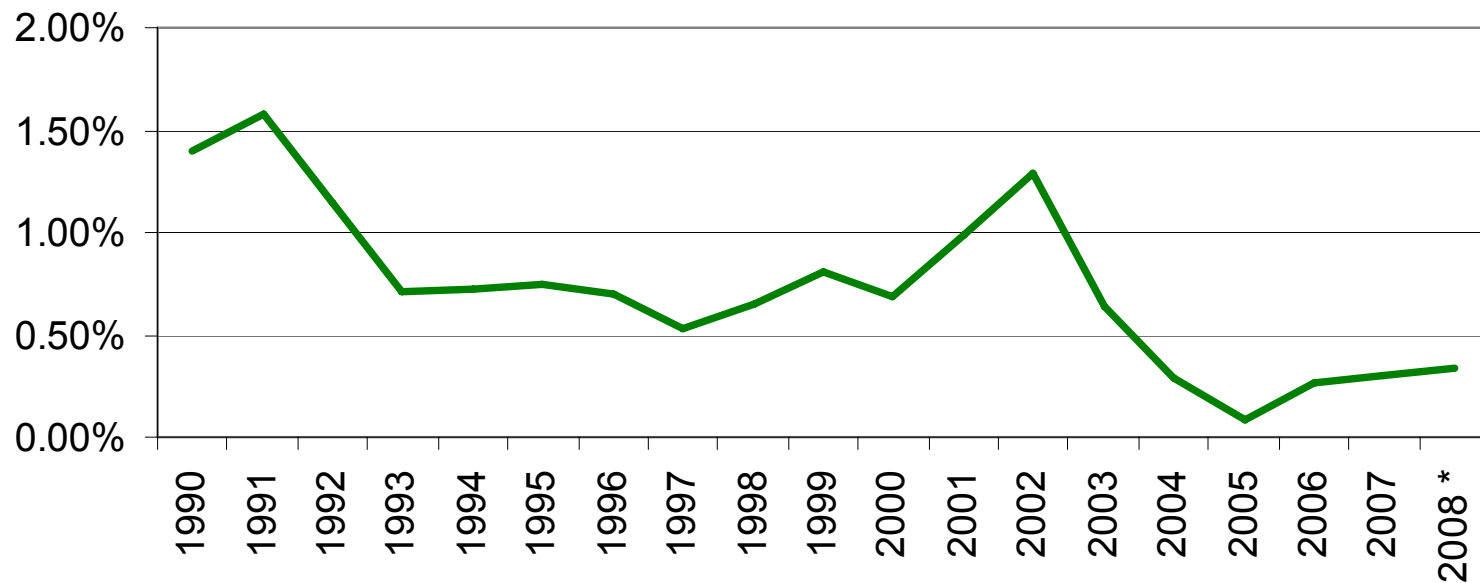
- Fiscal Year 2008 Forecast
 - Net sales projected to be down ~ 3%
 - U.S. economic factors
 - Housing starts at 0.9 million
 - Non-residential spending flat at strong level
 - GDP growth of 1.2%
 - Deere benefitting from
 - Higher worldwide forestry sales
 - New products
 - Producing closer to retail demand
 - Previous net sales forecast approximately flat

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)

Credit Credit Loss History

- Low losses driven by strong obligor cash flows and strong used equipment market

Provision for Credit Losses / Average Owned Portfolio



* Year-to-date April 2008 annualized

Credit

- Increased leverage in 2Q 2008
 - Supported by rating agencies
 - Prior supported level: 8.5 : 1
 - New supported level: 10.0 : 1
 - Current Deere target level: 9.6 : 1
 - \$318 million special dividend paid to parent in 2Q 2008
 - Deere enterprise SVA increases due to higher leverage

Credit

- **Second Quarter 2008**
 - Net income of ~ \$84 million
 - Growth in credit portfolio
 - Increased crop insurance income
 - An increase in leverage
 - Higher SA&G
 - Lower income from receivable sales vs. Q2 2007
- **Fiscal Year 2008 Forecast**
 - Net income of ~ \$350 million
 - Previous forecast ~ \$365 million

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)

Credit Funding and Liquidity

- Short-term debt rating A1/P1 (upgraded in 2007)
- \$750 million increase in credit facility to \$4.5 billion
 - Commercial paper back-up lines of credit
- Consistent access to capital markets in 2Q 2008
 - Steady solid demand for commercial paper
 - \$1.6 billion in medium-term notes
 - Two transactions, both oversubscribed and upsized
 - \$650 million in asset-backed securities
 - U.S. retail note portfolio

Consolidated Trade Receivables & Inventory

Change at 30 April: 2008 vs. 2007

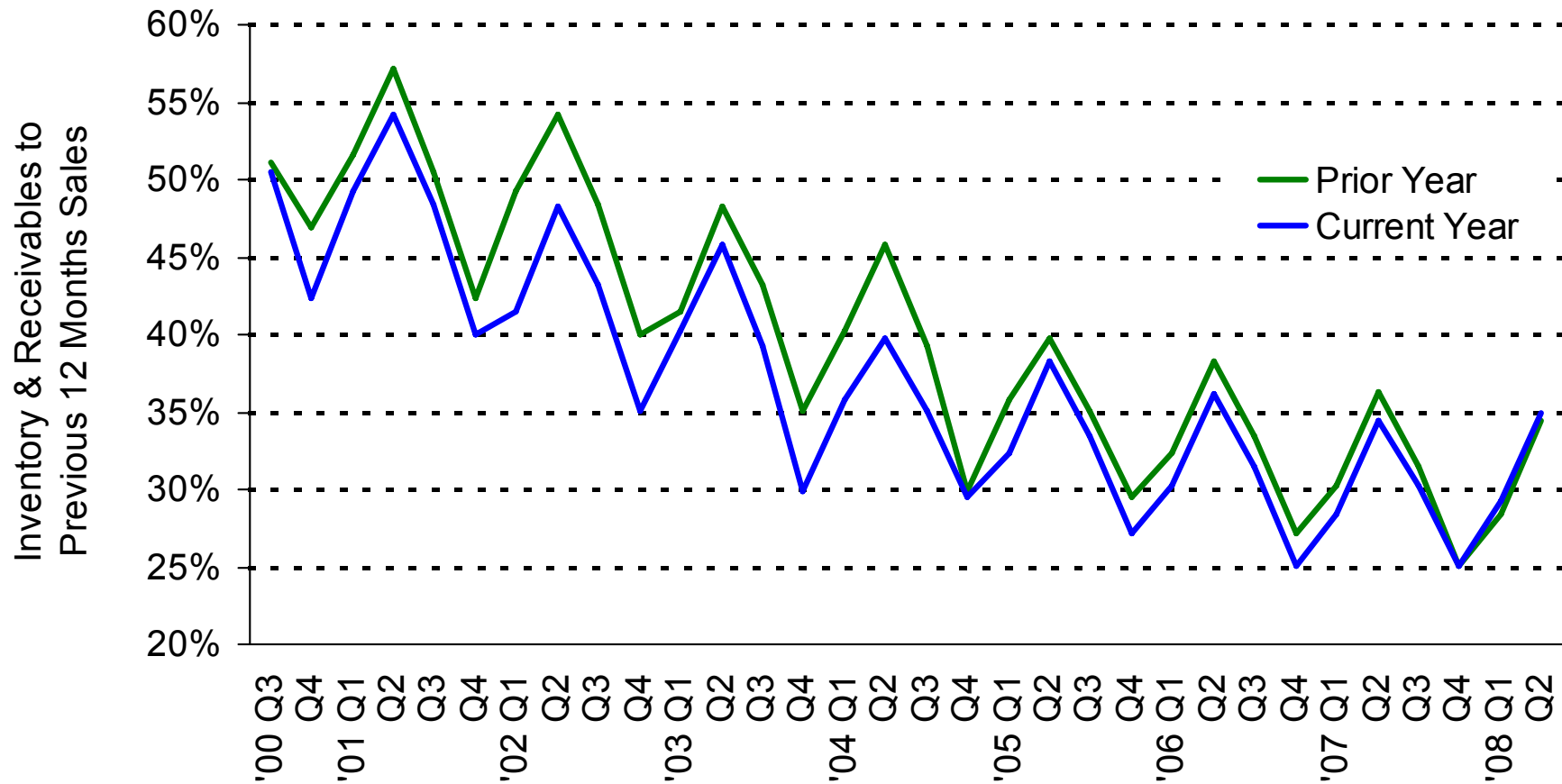
<i>(in millions of dollars)</i>	Q2 2008 Actual
AG	1,120
C&CE*	177
C&F*	(67)
Total, as reported*	1,230
Total, constant exchange*	812

* 2008 Actual includes:

- C&CE: ~ \$180 million related to LESCO inventory and receivables
- C&F: A reduction of ~ \$55 million related to the sale of Nortrax South

Consolidated Trade Receivables & Inventory

- Continued strong asset management in 2008



Consolidated Trade Receivables & Inventory

Forecasted change at 31 October: 2008 vs. 2007

<i>(in millions of dollars)</i>	2008 Forecast	2008 Prior Forecast
AG	575	450
C&CE	Flat	Flat
C&F	Flat	Flat
Total, as reported	575	450
Total, constant exchange	425	425

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)

Deere Dealer Inventories

U.S. and Canada

(at 30 April – in units as a % of trailing 12 months retail sales)

	2008	2007
Row-Crop Tractors	18%	23%
Combines	12%	8%

As reported to the Association of Equipment Manufacturers

April 2008 Retail Sales Western Europe

	Deere & Company
Tractors	↑ double digits
Combines	↑ double digits

Based on EU Government Reporting of Registrations

April 2008 Retail Sales U.S. and Canada

	Deere & Company
Commercial & Consumer Equipment	↓ double digits
Construction & Forestry	
First-in-the-Dirt	↓ double digits
Settlements	↓ double digits

Material Costs and Freight Equipment Operations

- Second Quarter 2008
 - Up ~ \$60 million vs. Q2 2007

- Fiscal Year 2008
 - Up \$400 - \$500 million vs. FY2007
 - By division
 - Agricultural Equipment: ~ \$300 million
 - Commercial & Consumer Equipment: ~ \$50 million
 - Construction & Forestry: ~ \$100 million
 - Previous forecast up ~ \$250 million

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)

Research & Development Expense Equipment Operations

- Second Quarter 2008
 - Up ~ 13% vs. Q2 2007
- Fiscal Year 2008 Forecast
 - Up ~ 13% vs. FY2007
 - Currency translation ~ 3 points
 - Previous forecast ~ +12%

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)

Selling, Administrative & General Expense Equipment Operations

- **Second Quarter 2008**
 - Up ~ 18% vs. Q2 2007
 - Includes ~ 13 points related to global growth initiatives (including LESCO) and currency translation

- **Fiscal Year 2008**
 - Up ~ 15% vs. FY 2007
 - Includes ~ 9 points related to global growth initiatives (including LESCO) and currency translation
 - Previous forecast ~ +11%

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)

Tax Rate

Equipment Operations

- **Second Quarter 2008**
 - Effective tax rate of ~ 35%
 - ~ 31% in 2Q 2007
- **Fiscal Year 2008 Forecast**
 - Assumes tax rate of ~ 35%
 - No change from previous forecast

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)



Share Repurchase as Part of Publicly Announced Plans

- Cumulative cost of repurchases since 2004: \$4.9 billion
- 30 April 2008 period ending shares: 430.9 million
- Balance remaining on 40-million share authorization: 22.9 million

FY2008	Shares Repurchased* <i>(in millions)</i>	Total \$ Amount <i>(in billions)</i>	Actual	Shares Repurchased* <i>(in millions)</i>	Total \$ Amount <i>(in billions)</i>
Q1	5.8	\$0.5	2004	5.9	\$0.2
Q2	6.1	\$0.5	2005	27.7	\$0.9
Q3			2006	34.0	\$1.3
Q4			2007	25.7	\$1.5
Total	11.9	\$1.0	Total	93.3	\$3.9

* All shares adjusted for two-for-one stock split effective 26 November 2007

Other Information

Fiscal Year 2008 Forecast

- Equipment Operations
 - Capital Expenditures
 - ~ \$800 million
 - Previous forecast ~ \$750 million
 - Depreciation and Amortization
 - ~ \$475 million
 - Previous forecast ~ \$450 million
 - Pension/OPEB Contributions
 - ~ \$425 million

- Financial Services
 - Capital Expenditures – Wind
 - ~ \$375 million
 - Previous forecast ~ \$450 million

Deere & Company Forecast as of 14 May 2008 (Previous Forecast as of 13 February 2008)



Appendix



Additional Supplemental Information

Stock Split – Fiscal Year 2007

As reported and as adjusted to reflect stock split:

(shares in millions)

	Diluted Earnings Per Share		Diluted Average Shares Outstanding	
	As Reported	Proforma Stock Split	As Reported	Proforma Stock Split
Q1	\$1.04	\$0.52	229.8	459.7
Q2	\$2.72	\$1.36	229.3	458.6
Q3	\$2.37	\$1.18	226.8	453.6
Q4	\$1.88	\$0.94	224.1	448.1
2007	\$8.01	\$4.00	227.5	455.0



JOHN DEERE

**Deere's third quarter 2008 conference call
is scheduled for 9:00 a.m. central time on
Wednesday, August 13, 2008**